

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7083

BILL NUMBER: HB 1564

NOTE PREPARED: Jan 24, 2013

BILL AMENDED:

SUBJECT: Motorboat Registration.

FIRST AUTHOR: Rep. Eberhart

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that a motorboat does not have to be registered and numbered in Indiana if the motorboat: (1) is legally registered in another state; and (2) has not been in Indiana for more than 120 consecutive days; or for certain other reasons.

(Current law provides that a motorboat does not have to be registered and numbered in Indiana if the motorboat: (1) is legally registered in another state; and (2) has not been in Indiana for more than 60 consecutive days; or for certain other reasons.)

Effective Date: July 1, 2013.

Explanation of State Expenditures: This bill could reduce Bureau of Motor Vehicles (BMV) workload to the extent fewer boats are required to register in the state.

Explanation of State Revenues: Summary: This bill could reduce revenue the Department of Natural Resources (DNR) and the BMV receives from motorboat registration fees.

This bill exempts motorboats from registration that are located in the state for less than 120 consecutive days. Currently, motorboats are exempted from registration if they are located in the state for less than 60 consecutive days. The total reduction in revenue would come from current out-of-state watercraft registrations and new watercraft that otherwise would have been required to register in the state that would be in the state between 60 and 120 days. It is estimated this bill could result in a reduction of 492 watercraft registrations (based on 410 renewals and 72 new registrations from out-of-state owners), assuming that 20% of the out-of-

state watercraft currently registered might fall within the 60 to 120 day range. This bill is estimated to decrease total annual revenue by \$13,800 to \$23,300. Revenue from these registrations would have been distributed to the following: (1) to the Lake and River Enhancement (LARE) Fund by between \$2,500 and \$12,000, (2) to the Department of Natural Resources by \$3,200, (3) collected from excise taxes by \$7,800, and (4) to the BMV by \$300.

Additional Information:

This bill could reduce the number of motorboats that register with the BMV. Currently, individuals pay anywhere from \$16 to \$26 in one-time fees for new registrations, depending on the size of the motorboat. For every motorboat registration in the state, the BMV receives \$4 (regardless of boat size) and the DNR receives between \$12 and \$22 per registration (contingent on boat size).

Boat Classification	BMV Fee	DNR Fee	Total Fee
Class 1	\$4	\$12	\$16
Class 2	\$4	\$14	\$18
Class 3	\$4	\$17	\$21
Class 4	\$4	\$22	\$26

Of the \$4 the BMV receives, \$3 is deposited in the Crossroads 2000 Fund, and \$0.50 each is deposited in the BMV Technology Fund and the BMV Commission Fund. In addition to registration fees, individuals pay a Watercraft Excise Tax and a Lake and River Enhancement Fee, both of which are assessed based on the value of the watercraft.

For watercraft registration renewals, individuals only pay the Watercraft Excise Tax, a Lake and River Enhancement Fee, and a flat \$5 DNR Fee.

Watercraft Excise Tax: The amount of excise taxes paid for a watercraft vary based on the boat's classification and age. Information on excise tax amounts for watercraft is included in the table below.

Classification	Value Range	Excise Taxes Due
Class 1	\$0.01 - \$500	\$2
Class 2	\$500 - \$1,000	\$6
Class 3	\$1,000 - \$1,500	\$20
Class 4	\$1,500 - \$2,000	\$30
Class 5 +	\$2,000 +	Varies between \$42 - \$500 depending on classification

For CY 2011, the Watercraft Excise Tax generated approximately \$8.8 M in revenue.

Lake and River Enhancement (LARE) Fee: LARE fees vary from \$5 to \$25, depending on the value of the boat. Of the revenue collected from LARE fees, 67% are deposited in the LARE Fund, which is used by the DNR for lake and river enhancement projects. The remaining 33% is deposited in the Conservation Officers

Marine Enforcement Fund. For FY 2012, LARE fees generated a total of approximately \$3.9 M in revenue.

If this bill reduces the number of motorboats that are required to register in the state, revenue the BMV and the DNR receives from registration fees could decrease.

Information was available on the number of out-of-state watercraft registration renewals for FY 2011 from the BMV. This is the population that is most likely to be impacted by the provisions of the bill.

Boat Classification	FY 2011 Out-of-State Renewal Registrations
Class 1	13
Class 2	384
Class 3	1,364
Class 4	236
Class 5 +	51
Total	2,048

The total reduction in revenue would come from current out-of-state watercraft registrations and new watercraft that otherwise would have been required to register in the state. It is estimated this bill could result in a reduction of 492 watercraft registrations in the state (410 renewals and 72 new registrations). The impact on revenue by fee is included in the table below.

Classification	Decrease in Registration Renewals	Estimated Excise Tax Loss	Minimum LARE Loss	Max LARE Loss	DNR Fee
Class 1	3	\$5	\$13	\$65	\$15
Class 2	77	\$461	\$384	\$1,920	\$385
Class 3	273	\$5,456	\$1,364	\$6,820	\$1,365
Class 4	47	\$1,416	\$236	\$1,180	\$235
Class 5 +	10	\$428	\$51	\$255	\$50
Sum	410	\$7,766	\$2,048	\$10,240	\$2,050

Based on watercraft registration information for FY 2012, an estimated 72 new watercraft that otherwise would have been required to register with the state will no longer be required to register under the provisions of the bill.

Classification	Decrease in Registration Renewals	BMV Fee Loss	Estimated Excise Tax Loss	Minimum LARE Loss	Max LARE Loss	DNR Fee
Class 1	1	\$4	\$2	\$5	\$25	\$12
Class 2	16	\$64	\$96	\$80	\$400	\$244
Class 3	46	\$184	\$920	\$230	\$1,150	\$782
Class 4	8	\$32	\$240	\$40	\$200	\$176
Class 5 +	1	\$4	\$42	\$5	\$25	\$22
Sum	72	\$288	\$1,300	\$360	\$1,800	\$1,216

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: BMV, DNR.

Local Agencies Affected:

Information Sources: Harold Day, BMV.

Fiscal Analyst: Bill Brumbach, 232-9559.